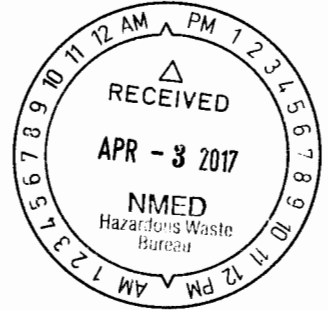




TRANSWESTERN PIPELINE COMPANY  
An ENERGY TRANSFER Company



March 31, 2017

John E. Keiling, Bureau Chief  
New Mexico Environment Department (NMED)  
Hazardous Waste Bureau  
2905 Rodeo Park Drive East, Bldg. 1  
Santa Fe, NM 87505-6303

**RE: Estimated Cost of Work for Corrective Action Financial Assurance**  
Transwestern Compressor Station No. 9  
Transwestern Pipeline Company, LLC  
Roswell, Chavez County, New Mexico  
NMED 1656/EPA ID No. NMD986676955; NMOCD Case # AP-125 (formerly GW-052)

Per the requirements of Provision III.Q.1. of the March 2013 *Stipulated Final Order* for Transwestern Pipeline Company, LLC's (Transwestern) Roswell Compressor Station No. 9 (Site), attached for your review is a 10-year Estimated Cost of Work. This Estimated Cost of Work covers the cost of hiring a third party to perform operation, maintenance, monitoring and reporting associated with the remediation system currently in operation at the Site for the years 2017 to 2027 period. In addition, please also find our updated Corporate Guarantee for Closure/Post-Closure Care (2016) enclosed. The hard copy of our SEC Form 10K will be presented under separate cover.

As per your January 24, 2017 letter, Transwestern acknowledges that if we should fail to pass the Alternative II Financial Test at any time during FY2017, NMED will be notified of the failure whereby an alternative financial assurance mechanism will be put in place.

If you have any questions or comments, please do not hesitate to contact me at (281) 740-0494 or JD Haines (EarthCon Consultants, Inc.) at (800) 708-8525.

Sincerely,

Stacy Boultinghouse, PG (TX4889/LA73)  
Environmental Manager  
Transwestern Pipeline Company, LLC  
Stacy.Boultinghouse@energytransfer.com

Attachment(s): 10-Year Estimated Cost of Work for Site Monitoring and System O&M  
2017 Corporate Guarantee

ec: *electronic w/o Attachments*  
David Cobrain, Hazardous Waste Bureau, New Mexico Environment Department  
Brad Billings, Environmental Bureau, New Mexico Oil Conservation Division  
Laurie King, US Environmental Protection Agency - Region 6  
Larry Campbell, Transwestern Pipeline Company (Roswell, NM)  
JD Haines, EarthCon Consultants, Inc.

Transwestern Pipeline Company, LLC.  
Roswell Compressor Station No. 9  
Roswell, New Mexico  
**10-Year Estimated Cost of Work for Site Monitoring and System Operation & Maintenance  
2017 through 2027**

<b>System Operation &amp; Maintenance</b>	<b>Frequency</b>	<b>Unit Cost</b>	<b>Annual Cost</b>
Labor & Management	Monthly	\$ 3,900.00	\$ 46,800.00
Travel Expenses	Monthly	\$ 400.00	\$ 4,800.00
Analytical - Treated Water (BTEX, SVOCs, Inorganics)	9 Events	\$ 430.00	\$ 3,870.00
Analytical - Soil Vapor (VOC)	Monthly	\$ 205.00	\$ 2,460.00
Misc. Parts & Repair Services	Monthly	\$ 500.00	\$ 6,000.00
Off-Site Disposal of Accumulated PSH ( 1500 gal/yr)	1 Event	\$ 6,000.00	\$ 6,000.00
Utilities (natural gas, electricity, telephone)	Monthly	\$ 3,250.00	\$ 39,000.00
		<b>SUBTOTAL, OPERATION</b>	<b>\$ 108,930.00</b>
<b>Semiannual Monitoring</b>	<b>Frequency</b>	<b>Unit Cost</b>	<b>Annual Cost</b>
Labor & Management	2 Events	\$ 5,700.00	\$ 11,400.00
Travel Expenses	2 Events	\$ 1,800.00	\$ 3,600.00
Sampling Equipment and Supplies	2 Events	\$ 600.00	\$ 1,200.00
Analytical (Volatiles via Method 8260; 24 samples/yr)	2 Events	\$ 120.00	\$ 2,880.00
Analytical ( BTEX via Method 8260; 28 samples/yr)	2 Events	\$ 75.00	\$ 2,100.00
		<b>SUBTOTAL, MONITORING</b>	<b>\$ 21,180.00</b>
<b>Annual Management and Reporting</b>	<b>Frequency</b>	<b>Unit Cost</b>	<b>Annual Cost</b>
Labor & Management	Annual	\$ 20,600.00	\$ 20,600.00
Stipulated Order Fee / Annual Post-Closure Care Fee	Annual	\$ 4,000.00	\$ 4,000.00
Stipulated Order Fee / Annual Monitoring Report Review	Annual	\$ 2,000.00	\$ 2,000.00
		<b>SUBTOTAL, REPORTING</b>	<b>\$ 26,600.00</b>
<b>Annual Easement Fees</b>	<b>Frequency</b>	<b>Unit Cost</b>	<b>Annual Cost</b>
Monitoring Wells (26 wells)	Annual	\$ 500.00	\$ 13,000.00
Remediation Wells (18 wells)	Annual	\$ 1,000.00	\$ 18,000.00
		<b>SUBTOTAL, EASEMENT FEES</b>	<b>\$ 31,000.00</b>
<b>Total Annual O&amp;M Estimate</b>			<b>\$187,710.00</b>
<b>10-Year O&amp;M Estimate (Cummulative Inflation Rate)</b>			<b>\$2,176,604.76</b>
<b>Non-recurring Costs</b>			
Capital Investment - Replacement of equipment over a 10 year period			\$120,000.00
Sampling and Analysis Plan			\$8,000.00
Water Rights Lease Renewal & Permitting (10 Years)			\$7,100.00
	<b>SUBTOTAL</b>		<b>\$135,100.00</b>
<b>10-Year Financial Assurance Estimate</b>			<b>\$2,311,704.76</b>

**Transwestern Pipeline Company, LLC.  
Roswell Compressor Station No. 9  
Roswell, New Mexico  
Notes to the 2017 through 2027**

**10-Year Estimated Cost Of Work for Site Monitoring and System Operation & Maintenance**

- | <u>#</u> | <u>Note</u>  |
|----------|--|
| 1        | This Estimated Cost of Work was prepared per the requirements of Provision III.Q.1. of the <i>March 2013 Stipulated Final Order</i> for Transwestern Pipeline Company, LLC's Roswell Compressor Station No. 9 (Site), located north of Roswell, New Mexico.  |
| 2        | EarthCon Consultants, Inc. (EarthCon), on behalf of Transwestern Pipeline Company, LLC, have prepared this Estimated Cost of Work for activities that may be implemented and completed over the next 10 years at the Roswell Compressor Station No. 9. This Estimated Cost of Work will serve as the basis to establish financial assurance for corrective action at the Site per the requirements of Provision III.Q.4. of the <i>March 2013 Stipulated Final Order</i> .   |
| 3        | This Estimated Cost of Work was based upon a number of assumptions, EarthCon's industry and professional knowledge, as well as EarthCon's knowledge of current site conditions. EarthCon has used a reasonable standard of due diligence in the preparation of this estimate. This Estimated Cost of Work is not intended to constitute a calculation of Conditional Asset Retirement Obligations under FIN 47.  |
| 4        | This Estimated Cost of Work is based upon a reasonable estimate of likely costs and potential contingency based upon actual historical expenses accrued for the Roswell Compressor Station No.9 project by EarthCon and previous consultants. This Estimated Cost of Work does not constitute either a likely high or a likely low estimate for the Site. The estimate is based upon the state of knowledge of the Site in January 2017 and EarthCon's 2013 rates of fees. Fee rates of other consultants or vendors, and their respective estimates for work on the project are also based on 2014 costs. |
| 5        | This Estimated Cost of Work is intended to be tracked and updated on an annual basis, as required by Provision III.Q.2. of the <i>March 2013 Stipulated Final Order</i> .  |
| 6        | 40 CFR 264.144(b) - Cost Estimate for Post Closure Care for determining estimated cumulative inflation. Inflation factor derived from the Implicit Price Deflator for Gross National Product.  |



March 31, 2017

Mr. John E. Kieling, Bureau Chief  
New Mexico Environmental Department  
Hazardous Waste Bureau  
2905 Rodeo Park Drive East, Building 1  
Santa Fe, NM 87505-6313

Dear Mr. Kieling,

I am the Chief Financial Officer of Energy Transfer Partners, L.P. whose address is 8111 Westchester Drive, Suite 600, Dallas, Texas 75225. This letter is in support of this firm's use of the financial test to demonstrate financial assurance for closure and/or post-closure costs, as specified in subpart H of 40 CFR parts 264 and 265.

1. This firm is the owner or operator of the following facilities for which financial assurance for closure or post-closure care is demonstrated through the financial test specified in subpart H of 40 CFR parts 264 and 265. The current closure and/or post-closure cost estimates covered by the test are shown for each facility:

None

2. This firm guarantees, through the guarantee specified in subpart H of 40 CFR parts 264 and 265, the closure or post-closure care of the following facilities owned or operated by the guaranteed party. The current cost estimates for the closure or post-closure care so guaranteed are shown for each facility:

NMD986676955  
Transwestern Compressor Station No. 9  
6381 North Main Street  
Roswell, New Mexico 88201

Current Cost Estimate:  
POST-CLOSURE: \$2,006,100

The firm identified above is the direct or higher-tier parent corporation of the owner or operator.

3. In States where EPA is not administering the financial requirements of subpart H of 40 CFR part 264 or 265, this firm, as owner or operator or guarantor, is demonstrating financial assurance for the closure or post-closure care of the following facilities through the use of a test equivalent or substantially equivalent to the financial test specified in subpart H of 40 CFR parts 264 and 265. The current closure and post-closure cost estimates covered by such a test are shown for each facility:

None

4. This firm is the owner or operator of the following hazardous waste management facilities for which financial assurance for closure or, if a disposal facility, post-closure care, is not demonstrated either to EPA or a State through the financial test or any other financial assurance mechanism specified in subpart H of 40 CFR parts 264 and 265 or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility:

None

5. This firm is the owner or operator of the following UIC facilities for which financial assurance for plugging and abandonment is required under part 144. The current closure cost estimates as required by 40 CFR 144.62 are shown for each facility:

None

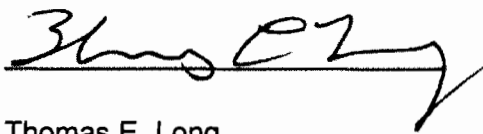
This firm is required to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

The fiscal year of this firm ends on December 31. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended December 31, 2016.

<b>Alternative II</b>	
1. Sum of current Closure and post-closure cost estimates	\$2,006,100
2. Current bond rating of most recent issuance of this firm and name of rating service	Baa3/BBB-Moody's, S&P
	\$650,000,000 2.5%-5/31/2015
3. Date of issuance of bond	\$1,000,000,000 4.75%-5/31/2015

	\$1,000,000,000 6.125%-5/31/2015
4. Date of maturity of bond	6/15/2018 (\$650,000,000 2.5%)  (1/15/2026 \$1,000,000,000 4.75%)  12/15/2045 (\$1,000,000,000 6.125%)
*5. Tangible net worth	\$10,049,000,000
*6 Total assets in U.S. (required only if less than 90% of firm's assets are located in U.S.)	N/A
7. Is line 5 at least \$10 million?	Yes
8. Is line 5 at least 6 times line 1?	Yes
9. Are at least 90% of the firm's assets located in the U.S.? If not, complete line 10.	Yes
10. Is line 6 at least 6 times line 1?	NA

I hereby certify that the wording of this letter is identical to the wording specified in 40 CFR 264.151(f) as such regulations were constituted on the date shown immediately below.

Signature: 

Name: Thomas E. Long

Title: Chief Financial Officer

Date: March 31, 2017

March 31, 2017

Mr. John E. Kieling, Bureau Chief  
New Mexico Environmental Department  
Hazardous Waste Bureau  
2905 Rodeo Park Drive East, Building 1  
Santa Fe, NM 87505-6313

### **Corporate Guarantee for Closure or Post-Closure Care**

Guarantee made this (March 31, 2017) by Energy Transfer Partners, L.P., a limited partnership organized under the laws of the State of Delaware, herein referred to as guarantor. This guarantee is made on behalf of Transwestern Pipeline Company, LLC (Transwestern), which is our subsidiary, to the United States Environmental Protection Agency (EPA).

### **Recitals**

1. Guarantor meets or exceeds the financial test criteria and agrees to comply with the reporting requirements for guarantors as specified in 40 CFR 264.143(f), 264.145(f), 265.143(e), and 265.145(e).

2. Transwestern owns or operates the following hazardous waste management facility covered by this guarantee:

NMD986676955  
Transwestern Compressor Station 9  
6381 North Main Street  
Roswell, New Mexico 88201

Current Cost Estimate for Post-Closure Care:

Post-Closure: \$2,006,100

3. "Closure plans" and "post-closure plans" as used below refer to the plans maintained as required by subpart G of 40 CFR parts 264 and 265 for the closure and post-closure care of facilities as identified above.

4. For value received from Transwestern, guarantor guarantees to EPA that in the event that Transwestern fails to perform post-closure care of the above facility in accordance with the closure or post-closure plans and other permit or interim status requirements whenever required to do so, the guarantor shall do so or establish a trust fund as specified in subpart H of 40 CFR

part 264 or 265, as applicable, in the name of Transwestern in the amount of the current closure or post-closure cost estimates as specified in subpart H of 40 CFR parts 264 and 265.

5. Guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, the guarantor fails to meet the financial test criteria, guarantor shall send within 90 days, by certified mail, notice to the EPA Regional Administrator for the Region in which the facility is located and to Transwestern that he intends to provide alternate financial assurance as specified in subpart H of 40 CFR part 264 or 265, as applicable, in the name of Transwestern. Within 120 days after the end of such fiscal year, the guarantor shall establish such financial assurance unless Transwestern has done so.

6. The guarantor agrees to notify the EPA Regional Administrator by certified mail, of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code, naming guarantor as debtor, within 10 days after commencement of the proceeding.

7. Guarantor agrees that within 30 days after being notified by an EPA Regional Administrator of a determination that guarantor no longer meets the financial test criteria or that he is disallowed from continuing as a guarantor of closure or post-closure care, he shall establish alternate financial assurance as specified in subpart H of 40 CFR part 264 or 265, as applicable, in the name of Transwestern unless Transwestern has done so.

8. Guarantor agrees to remain bound under this guarantee notwithstanding any or all of the following: amendment or modification of the closure or post-closure plan, amendment or modification of the permit, the extension or reduction of the time of performance of closure or post-closure, or any other modification or alteration of an obligation of the owner or operator pursuant to 40 CFR part 264 or 265.

9. Guarantor agrees to remain bound under this guarantee for as long as Transwestern must comply with the applicable financial assurance requirements of subpart H of 40 CFR parts 264 and 265 for the above-listed facilities, except as provided in paragraph 10 of this agreement.

10. Guarantor may terminate this guarantee by sending notice by certified mail to the EPA Regional Administrator for the Region in which the facility is located and to Transwestern, provided that this guarantee may not be terminated unless and until Transwestern obtains, and the EPA Regional Administrator approves, alternate closure and/or post-closure care coverage complying with 40 CFR 264.143, 264.145, 265.143, and/or 265.145.

11. Guarantor agrees that if Transwestern fails to provide alternate financial assurance as specified in subpart H of 40 CFR part 264 or 265, as applicable, and obtain written approval of such assurance from the EPA Regional Administrator within 90 days after a notice of cancellation by the guarantor is received by an EPA Regional Administrator from guarantor, guarantor shall provide such alternate financial assurance in the name of Transwestern.

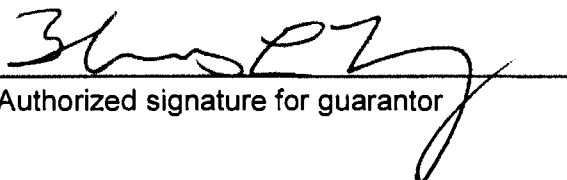


12. Guarantor expressly waives notice of acceptance of this guarantee by the EPA or by Transwestern. Guarantor also expressly waives notice of amendments or modifications of the closure and/or post-closure plan and of amendments or modifications of the facility permit(s).

I hereby certify that the wording of this guarantee is identical to the wording specified in 40 CFR 264.151(h) as such regulations were constituted on the date first above written.

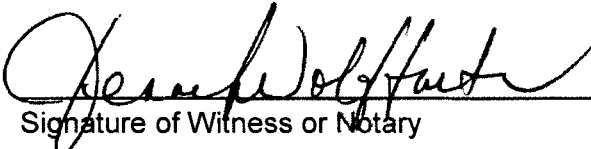
Effective Date: March 31, 2017

Energy Transfer Partners, L.P.

  
Authorized signature for guarantor

Thomas E. Long  
Name of person signing

Chief Financial Officer  
Title of person signing

  
Signature of Witness or Notary



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Grant Thornton LLP**  
1717 Main Street, Suite 1800  
Dallas, TX 75201-9436  
T 214.561.2300  
F 214.561.2370  
GrantThornton.com  
linkd.in/GrantThorntonUS  
twitter.com/GrantThorntonUS

Board of Directors and Management  
Energy Transfer Partners, L.P.

We have performed the procedures enumerated below, which were agreed to by the Board of Directors and management of Energy Transfer Partners, L.P. (the "Partnership"), solely to assist the Partnership in complying with the reporting requirements of Title 40, Code of Federal Regulations ("40 CFR"), Parts 264 and 265 relating to facility number NMD986676955 and included in the Partnership's letter dated March 31, 2017, addressed to Mr. John Kieling, Bureau Chief, New Mexico Environmental Department (the "Schedule"). The Partnership's management is responsible for the Schedule. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board of Directors and management of the Partnership. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows:

1. We obtained a schedule prepared by management of the Partnership from its accounting records calculating Tangible Net Worth, as defined by 40 CFR, Parts 264 and 265, as of December 31, 2016. Tangible Net Worth has been defined as the tangible assets that remain after deducting total liabilities. We:
  - a. Compared the amounts for total assets, total liabilities, and noncontrolling interest in the schedule to the corresponding amounts included in or derived from the Partnership's consolidated financial statements and found them to be in agreement;
  - b. Compared the amounts for intangible assets in the schedule to the corresponding amounts appearing in the accounting records and found them to be in agreement; and
  - c. Mathematically recomputed the calculation reflected on the schedule of total tangible assets less total liabilities and noncontrolling interest and found such recalculated total to be in agreement with the Tangible Net Worth shown on the schedule. We compared the Tangible Net Worth in the schedule to the corresponding amount presented in the Partnership's March 31, 2017 letter listed under caption Alternative II, Line 5, and found them to be in agreement.

2. We obtained a schedule prepared by management of the Partnership's calculation of total assets in the United States to total assets included in the consolidated financial statements as of December 31, 2016 to ensure it complied with the Code of Federal Regulations. We:
  - a. Compared the amount on the schedule for total assets to the corresponding amount included in the Partnership's consolidated financial statements and found them to be in agreement;
  - b. Compared the amount on the schedule for total assets in the United States to the corresponding amount in the Partnership's accounting records and found them to be in agreement; and
  - c. Mathematically recomputed the calculation reflected in the schedule of total assets in the United States divided by the total assets and found such recalculated percentage to be in agreement.

We were not engaged to, and did not conduct an audit or a review, the objective of which would be the expression of an opinion or limited assurance on the specified financial data reflected in Alternative II of the Schedule. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and management of Energy Transfer Partners, L.P. and is not intended to be and should not be used by anyone other than these specified parties.

*Grant Thornton LLP*

Dallas, Texas  
March 31, 2017